

STAND. COM. REP. NO. 206

Honolulu, Hawaii
Feb 12, 2009

RE: H.B. No. 602

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 602 entitled:

"A BILL FOR AN ACT RELATING TO WORKERS' COMPENSATION,"

begs leave to report as follows:

The purpose of this bill is to extend the exemption from workers' compensation insurance to services performed by:

- (1) A partner of a partnership, if the partner is an individual;
- (2) A sole proprietor for the sole proprietorship; and
- (3) Employers owning 50 percent or more of a Limited Liability Company (LLC) or Limited Liability Partnership (LLP).

The Department of Labor and Industrial Relations (DLIR), Chamber of Commerce of Hawaii, Hawaii Independent Insurance Agents Association, Retail Merchants of Hawaii, and Maui Chamber of Commerce testified in support of this measure. The ILWU, Local 142 testified in opposition to this bill.

Workers' compensation provides medical insurance and wage loss coverage for work-related injuries of employees while protecting employers from civil liability resulting from these injuries. Current Hawaii law requires employers to maintain workers' compensation insurance for the benefit of their

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employees, even in cases of a partner of a partnership, or an LLC or LLP, where the only employees are the owners of or partners in the company. Since an owner or partner would have nothing to gain from suing themselves for workers' compensation, it would appear that this type of "employment" could be exempted from the workers' compensation insurance requirement.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 602 and recommends that it pass Second Reading and be referred to the Committee on Economic Revitalization, Business, & Military Affairs.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,



KARL RHOADS, Chair



State of Hawaii
House of Representatives
The Twenty-fifth Legislature

HSCR206

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: HB 602	Committee Referral: LAB, EPM, FIN	Date: 2-10-09		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. RHOADS, Karl (C)	/			
2. YAMASHITA, Kyle T. (VC)	/			
3. AQUINO, Henry J.C.	/			
4. AWANA, Karen Leinani	/			
5. HANOHANO, Faye P.		/		
6. KEITH-AGARAN, Gilbert S.C.	/			
7. LEE, Marilyn B.	/			
8. NAKASHIMA, Mark M.	/			
9. SAIKI, Scott K.	SA 29			/
10. SOUKI, Joseph M.	/			
11. TAKUMI, Roy M.	/			
12. PINE, Kymerly Marcos	/			
				# 9
TOTAL (12)	10	1	/	/
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: 10pt;">_____ committee acronym(s)</div>				
Vice Chair's or designee's signature:				
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